

## **FISCAL NOTE**

### **HB 608 - SB 865**

April 11, 2001

**SUMMARY OF BILL:** Creates the Tennessee Medication Assistance Program to provide low-cost prescription drugs, medication, and medical supplies to disadvantaged, elderly, and disabled individuals not covered by TennCare. The Department of Health is to develop the program and to accept funding from the federal government, the general fund, other government agencies, individuals, groups, and corporations. To qualify individuals must have income less than 185% of the federal poverty level or spend at least 40% of their income on medical expenses and be 62 years old or disabled. The program would consist of a basic and supplemental component. Eligibility for the basic program is dependent upon the need for prescriptions for a list of serious illnesses and the supplemental component would include all other prescription drugs and medications covered under the TennCare program. The department is to establish the price to be paid for prescription drugs provided that a person at or below 185% of the poverty guideline pay no more than 20% of the price or \$2.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - Exceeds \$100,000,000**

**Increase State Revenues - Exceeds \$500,000**

The amount of increase in state expenditures will depend on the number of participants, regulations established by the department in regards to which drugs are covered by the program and the availability of any federal funds. The amount cannot be determined but is estimated to exceed \$100,000,000 based on full implementation of the program.

Estimate assumptions:

- Approximately 872,500 residents are age 62 or older.
- Approximately 46%, (401,350), of that total have incomes of less than 185% of the federal poverty level.
- TennCare or other health care plans cover approximately 50% of the 401,350 total.
- An average of 4 prescriptions per month at an average cost of \$23 for each prescription based on experience of the TennCare program.
- The maximum co-pay for program participants is \$2.
- An increase in state revenues as a result of the \$2 co-pay and an increase in expenditures in the Department of Health to administer the program.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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